

(1) During any period of active service subsequent to the effective date of 840 CMR 15.03(1) the term "regular compensation" as defined by M.G.L. c. 32, § 1, shall be determined subject to the following:

- (a) To be considered regular compensation, any compensation to an employee must:
  - 1. have been actually paid to or on behalf of a member;
  - 2. be made as remuneration for services actually rendered, for recurring payments for accrued sick leave, or for payments made pursuant to M.G.L. c. 41, § 111F in the year or part of a year to which the compensation is attributed;
  - 3. be ordinary, normal, recurrent, repeated, and of indefinite duration;
  - 4. be made pursuant to an official written policy of the employer or to a collective bargaining agreement;
  - 5. be made on a non-discriminatory basis and be generally available for employees who are similarly situated relative to the purpose of the payment (e.g. a longevity payment made recurrently to all employees in a bargaining unit having attained a specific length of service) provided that the ability of a payment to be denied due to merit shall not exclude it for that reason from regular compensation.
- (b) Regular compensation shall include any part of such salary, wages, or other compensation derived from federal grants, except as otherwise provided in M.G.L. c. 32, § 3(2)(a)(xi);
- (c) Lump-sum or retroactive payments which would have been regular compensation if paid in the periods in which the services remunerated thereby were actually rendered will be allocated to said periods rather than being entirely attributed to the time of receipt for the purpose of determining a member's regular compensation.
- (d) Provided they meet the general criteria in 840 CMR 15.03(1)(a) through (c), payments to be considered regular compensation shall include:
  - 1. a member's annual rate of compensation as provided in an approved salary schedule;
  - 2. any non-cash maintenance allowances in the form of full or partial boarding and housing, as provided in M.G.L. c. 32, § 22(1)(c);
  - 3. any premiums paid by any governmental unit for the purchase of an individual or group annuity contract as authorized by M.G.L. c. 15, § 18A or by M.G.L. c. 71, § 37B;
  - 4. any amounts paid as educational incentives;
  - 5. any amounts paid for length of service;
  - 6. any amounts paid as premiums for shift differentials; and
  - 7. any amounts paid as cost-of-living bonuses or cost-of-living pay adjustments.

(2) Any extraordinary or *ad hoc* payment amount shall be excluded from regular compensation.

Exclusions shall include, but not be limited to:

- (a) any amounts paid for hours worked beyond the member's normal work schedule;
- (b) any amounts paid as premiums for working holidays, except as authorized by law;
- (c) any amounts paid as bonuses other than cost-of-living bonuses, provided that any payment to an employee or group of employees which will not recur or which will recur for only a limited or definite term will be considered a bonus, and further provided that any payments to an employee or group of employees as part of a salary augmentation plan or salary enhancement program which is provided for in an individual contract in effect on or before January 25, 2006 or in a collective bargaining agreement in effect on or before January 25, 2006, including payments under such a plan or program which will not recur or which will recur for only a limited or definite term, shall be treated as regular compensation; and further provided, that any employee who is covered by such an agreement or contract on January 25, 2006 and who begins, at any time during the life of a collective bargaining

## 840 CMR: PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

### 15.03: continued

agreement or individual employment contract in effect on or before January 25, 2006, to receive benefits and make retirement contributions pursuant to a salary augmentation plan or salary enhancement program under such a collective bargaining agreement or individual employment contract, may complete the plan or program under that agreement or contract or under a successor collective bargaining agreement or individual employment contract, provided that the successor collective bargaining agreement or individual employment contract contains a salary augmentation plan or salary enhancement program; and further provided that the amount of the salary augmentation plan or salary enhancement program under a successor collective bargaining agreement or individual employment contract which shall be treated as regular compensation shall not exceed the amount of the salary augmentation plan or salary enhancement program provided under the collective bargaining agreement or individual employment contract in effect on or before January 25, 2006, and further provided that any member who has previously retired and is receiving benefits as of April 7, 2006 under the provisions of a salary augmentation plan or salary enhancement program shall have that plan deemed in compliance with the provisions of M.G.L. c. 32.

- (d) any amounts paid in lieu of or for unused vacation, sick leave, or other leave;
- (e) severance pay;
- (f) any amounts paid as early retirement incentives; and
- (g) any other payments made as a result of the member giving notice of retirement.